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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 USIA-15 SP-02 SOE-02 OMB-01
DOE-11 /127 W
----------111065 220004Z /75
R 212348Z FEB 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 6385
INFO USMISSION GENEVA

UNCLAS SECTION 01 OF 02 OTTAWA 00857

E.O. 11652: N/A
TAGS: ETRD, CA
SUBJECT: CANADA ANNOUNCES SPECIAL MEASURES REGARDING STEEL IMPORTS

REF: OTTAWA 848

1. TEXT OF MINISTER OF NATIONAL REVENUE GUAY'S STATEMENT ISSUED IN OTTAWA FEBRUARY 20 CONCERNING SPECIAL MEASURES REGARDING STEEL IMPORTS, FOLLOWS:

BEGIN TEXT.

RECENTLY, THE UNITED STATES AND THE EUROPEAN ECONOMIC COMMUNITY ANNOUNCED SPECIAL MEASURES IN RESPECT OF STEEL IMPORTS. ESSENTIALLY, THESE MEASURES, THROUGH THE USE OF "TRIGGER PRICE" OR "BASIC PRICE" MECHANISMS AND ACCELERATED INVESTIGATIONS, ENABLE AUTHORITIES TO APPLY ANTI-DUMPING DUTIES MUCH MORE EXPEDITIOUSLY WHERE DOMESTIC INDUSTRIES ARE DEEMED TO HAVE BEEN MATERIALLY INJURED OR THREATENED BY FOREIGN DUMPING.

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CANADIAN AUTHORITIES BELIEVE THAT THE INTRODUCTION OF SUCH MEASURES BY THE UNITED STATES AND THE EUROPEAN ECONOMIC COMMUNITY COULD ADVERSELY AFFECT THE CANADIAN STEEL INDUSTRY BY DIVERTING FOREIGN STEEL TO THE CANADIAN MARKET AT DUMPED PRICES. IN ADDITION, THE MEASURES COULD RESTRICT ACCESS FOR CANADIAN STEEL INTO OUR TRADITIONAL MARKETS IN THESE AREAS. DISCUSSIONS ARE BEING HELD WITH THE UNITED

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STATES AND THE EUROPEAN ECONOMIC COMMUNITY WITH A VIEW TO MINIMIZING THE IMPACT OF THESE SCHEMES ON CANADIAN EXPORTS.

AS MINISTER OF NATIONAL REVENUE, IT IS MY RESPONSIBILITY TO ENSURE THAT ANY MAJOR DIVERSION OF DUMPED STEEL IS DEALT WITH QUICKLY AND EFFECTIVELY UNDER OUR ANTI-DUMPING LEGISLATION WHERE IT IS LIKELY TO BE INJURIOUS TO THE CANADIAN STEEL INDUSTRY. ACCORDINGLY, I HAVE AUTHORIZED MY OFFICIALS TO INTRODUCE CERTAIN SPECIAL MEASURES TO DEAL WITH THE THREAT OF LARGE SCALE DIVERSION OF DUMPED FOREIGN STEEL INTO CANADA, AND NOTICE OF THESE MEASURES IS BEING GIVEN TO ALL MAJOR STEEL EXPORTING COUNTRIES.

SPECIFICALLY, THESE SPECIAL MEASURES WILL INVOLVE THE FOLLOWING:

1) THE MONITORING OF ALL IMPORTS OF STEEL MILL PRODUCTS INTO CANADA SO THAT CHANGES IN IMPORT LEVELS MAY BE IDENTIFIED AT AN EARLY STAGE.

2) THE ESTABLISHMENT OF A TASK FORCE TO ANALYZE THE IMPORT DATA AND TO COLLECT INFORMATION ON A CONTINUING BASIS CONCERNING THE STATE OF VARIOUS CANADIAN STEEL SECTORS AND WITH RESPECT TO FOREIGN PRODUCERS' PRICES AND MARKET SITUATIONS.

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3) USE BY THE DEPUTY MINISTER OF NATIONAL REVENUE, CUSTOMS AND EXCISE, OF HIS EXISTING AUTHORITY TO INITIATE ANTI-DUMPING INVESTIGATIONS WITHOUT A FORMAL COMPLAINT, WHERE HE IS OF THE OPINION THAT THERE IS EVIDENCE OF DUMPING AND MATERIAL INJURY OR LIKELIHOOD OF SUCH INJURY AS A RESULT OF DUMPING. THE EVIDENCE WOULD BE BASED ON DATA ACCUMULATED BY THE TASK FORCE. WITH REGARD TO THE EVIDENCE OF DUMPING, THE UNITED STATES "TRIGGER PRICES" AND THE EEC "BASIC PRICES" APPROPRIATELY ADJUSTED WILL BE TAKEN INTO ACCOUNT IN THE DECISION WHETHER OR NOT TO INITIATE AN ANTI-DUMPING INVESTIGATION.

4) AN ACCELERATED INVESTIGATION PROCEDURE WHICH IN MOST CASES WILL RESULT IN DETERMINATIONS RESPECTING THE APPLICATION OF PROVISIONAL ANTI-DUMPING DUTIES WITHIN THREE MONTHS OF INITIATION, COMPARED WITH SIX MONTHS UNDER NORMAL CIRCUMSTANCES. LESS TIME WILL BE ALLOWED TO EXPORTERS AND IMPORTERS TO RESPOND TO QUESTIONNAIRES AND THE DEPARTMENTAL VERIFICATION PROCESS WILL BE ACCELERATED BY THE APPLICATION OF ADDITIONAL RESOURCES.

THESE MEASURES WILL RESULT IN CASES BEING BROUGHT MUCH

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MORE QUICKLY BEFORE THE ANTI-DUMPING TRIBUNAL WHERE THE QUESTION OF MATERIAL INJURY MUST BE DECIDED WITHIN A 90 DAY PERIOD.

IN CERTAIN CASES INVOLVING MASSIVE AND DELIBERATE DUMPING, THE ANTI-DUMPING ACT PERMITS THE ANTI-DUMPING TRIBUNAL TO AUTHORIZE THE RETROACTIVE APPLICATION OF ANTI-DUMPING DUTIES.

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I AM CONFIDENT THAT THESE MEASURES, WHICH ARE INTENDED TO DETER AND DEAL WITH INJURIOUSLY DUMPED IMPORTS, WILL SAFEGUARD THE OVERALL HEALTH OF THE CANADIAN STEEL INDUSTRY AND, AT THE SAME TIME, PERMIT THE CONTINUATION OF NORMAL COMPETITIVE TRADE.

END TEXT. ENDERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, IMPORTS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA00857
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780078-1129
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780232/aaaabbix.tel
Line Count: 159
Litigation Code IDs:
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Litigation History:
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Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 OTTAWA 848
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3536085
Secure: OPEN
Status: NATIVE
Subject: CANADA ANNOUNCES SPECIAL MEASURES REGARDING STEEL IMPORTS
TAGS: ETRD, CA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/48fa60d3-c288-dd11-92da-001cc4696bcc
Review Markings:
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Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014